




Report to the Auburn City Council

Action Item
Agenda Item No. **3**


City Manager's Approval

To: Mayor and City Council Members
From: Reg Murray, Senior Planner
Date: June 23, 2014
Subject: Application for the 2014 HOME Program - First Time Home Buyer and Owner Occupied Rehabilitation programs

The Issue

Should the City Council approve the submittal of an application to the State of California Housing and Community Development Department (HCD) for the 2014 HOME Program, seeking \$500,000 for the First Time Home Buyer (FTHB) and Owner Occupied Rehabilitation (OOR) programs?

Conclusions and Recommendation

By Resolution, in response to the 2014 HOME NOFA, approve the submittal of an application to HCD requesting funding totaling \$500,000 for a First Time Home Buyer down payment assistance program and an Owner Occupied Rehabilitation program; authorize execution of a standard agreement and any amendments thereto; and designate and authorize the City Manager or Community Development Director to execute, on behalf of the City of Auburn, all HOME related documents.

Background

The HOME Program was enacted pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990. HOME funds for affordable housing projects and programs are made available by HCD in the form of grants to eligible local governments (State Recipients) and other nonprofit organizations. All applicants are responsible for administering and completing the HOME activities, including compliance with federal administrative requirements. This responsibility includes: implementing the project or program activity as proposed in the application, compliance with reporting requirements, managing fund disbursement and accounting, preparing work specifications, loan processing, conducting inspections, and ensuring that all HOME requirements are met for the entire affordability period.

On May 1, 2014 HCD published a Notice of Funding Available (NOFA) making approximately \$28 million in HOME funds available State-wide for the 2014 Program Year. Applications are due July 1, 2014 and will be competitively rated and ranked. HCD is scheduled to announce the grant award recipients in December, 2014. Funding for the recipient agencies will be available July 1, 2015.

The City applied for HOME funding on two prior occasions, 2009 and 2010. The City was unsuccessful with the 2009 application, but with the 2010 program the City received \$800,000 in funding for the FTHB and OOR programs. This included \$487,500 for a FTHB program, \$292,500 for an OOR program and \$20,000 for administrative costs. Over the two-year term of the 2010 Program the City funded two FTHB applications totaling \$202,180 and four OOR applications totaling \$155,054.

Proposed HOME Application

The City's 2014 HOME application requests the maximum available for Program activities (\$500,000) and includes two program activities: A First Time Homebuyer Program (\$270,000) and a Housing Rehabilitation Program (\$230,000). The FTHB program provides down payment assistance to low-income, first time home buyers, while the OOR program provides financial assistance to low-income home owners for home improvements.

The Resolution authorizing submittal of the application is provided with Exhibit A. The resolution includes content required by the HOME program, and also includes authorization for staff to execute an agreement with HCD if the City is selected.

A successful application will assist the City in achieving the goals identified in the 2013-2021 Housing Element by establishing programs that will provide affordable housing options for lower income households. Specifically, the Housing Element Goals and Policies state:

- Goal #1 -- The City will provide a range of housing choices that meets the needs of all Auburn residents. Policy #2 states the City shall promote the provision of housing for all economic segments of the community, while Policy #3 states that the City shall continue to use state and federal funding assistance to develop affordable housing.
- Goal #2 -- The City will encourage the maintenance, improvement and rehabilitation of the City's existing housing stock and residential neighborhoods; and, Policy 2.3 states the City shall pursue state and federal funding assistance to rehabilitate housing.

All participants must have incomes at or below 80% of the Placer County Area Median Income (AMI), adjusted for family size. The low-income limits as of May 1, 2014 are shown below.

2014 Median Family Income Limits for Placer County

<i>Number of Persons in Household</i>							
	1	2	3	4	5	6	7
80% of AMI	\$38,550	\$44,050	\$49,550	\$55,050	\$59,500	\$63,900	\$72,700

First Time Homebuyer Program

HOME First Time Home Buyer program provides down payment assistance funds to low-income homebuyers for the acquisition of a dwelling that the homebuyer selects from the open market. The financial assistance takes the form of zero interest loans that are generally payable at the future sale of the property.

Pursuant to the state HOME regulations, first-time homebuyers must qualify as a low income household and shall be required to obtain financing from primary lenders in addition to HOME financing. Pursuant to state regulation 8207, the FTHB primary mortgage loan must have a minimum loan term of 30 years and fully amortizing and have a fixed interest rate that does not exceed the current market rate, as established by the 90-day “posted yield” for thirty-year fixed rate loans, as established by Fannie Mae, plus 100 basis points. No temporary interest rate buy-downs are permitted.

The 2014 HOME application for the FTHB program requests funding totaling \$270,000. The program will be available to low income households, on a city-wide basis. This funding will enable the City to assist at least two households in the purchase of qualifying residences. The Community Development Department will manage and administer the Program on a day-to-day basis. A portion of the HOME grant will be used to pay salaries associated with administrative and activity delivery costs.

Owner Occupied Rehabilitation Program

The Owner Occupied Rehabilitation program component of the application requests funding totaling \$230,000. Assistance will be available to owner-occupied, low income households in the form of a 0%, deferred payment loan (no repayment required unless change of title or change of use). The priority will be to correct health and safety defects (such as plumbing, electrical, roofs and accessibility improvements). General property improvements are limited and luxury items are not permitted. The maximum assistance available is limited by HOME Program Subsidy limits; based on these subsidy limits, staff anticipates providing assistance to at least four households. As with the FTHB program above, the Community Development Department will manage and administer the Program on a day-to-day basis; a portion of the HOME grant will be used to pay salaries associated with administrative and activity delivery costs.

Alternatives Available to Council; Implications of Alternatives

- Approve the Resolution to submit the 2014 HOME Program application to HCD. If successful, the City will receive funding for the First Time Home Buyer and Owner Occupied Rehabilitation programs.
- Deny the Resolution. Staff will not submit a 2014 HOME application for the FTHB and OOR programs.
- Direct staff to provide additional information for review and consideration.

Fiscal Impacts

The salary costs associated with administration and activity delivery of the 2014 HOME program will be paid from the HOME grant; therefore, there will be no impact to the General Fund.

Additional Information

Please see the following for more details:

EXHIBIT

- A. City Council Resolution authorizing submittal of 2014 HOME program application.

EXHIBIT A

RESOLUTION NO. 14-_____

A RESOLUTION APPROVING AN APPLICATION FOR FUNDING UNDER THE HOME
INVESTMENT PARTNERSHIPS PROGRAM (HOME)

THE GOVERNING BOARD OF THE

CITY OF AUBURN

**HEREBY AUTHORIZES: Submittal of an application to the California
State Department of Housing and Community Development for funding
under the HOME Investment Partnerships Program; and if selected, the
execution of a standard agreement, and any amendments thereto, and
of any related documents necessary to participate in the HOME
Investment Partnerships Program.**

WHEREAS, the California Department of Housing and Community
Development (the "Department") is authorized to allocate HOME Investment
Partnerships Program ("HOME") funds made available from the U.S.
Department of Housing and Urban Development ("HUD"). HOME funds are to
be used for the purposes set forth in Title II of the Cranston-Gonzalez National
Affordable Housing Act of 1990, in federal implementing regulations set forth in
Title 24 of the Code of Federal Regulations, part 92, and in Title 25 of the
California Code of Regulations commencing with section 8200.

WHEREAS, on May 1, 2014 the Department issued a 2010 Notice of
Funding Availability announcing the availability of funds under the HOME
program (the "NOFA").

1 WHEREAS, in response to the 2014 NOFA, the City of Auburn, a
2 municipal corporation (the "Applicant"), wishes to apply to the Department for,
3 and receive an allocation of, HOME funds.

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5 NOW THEREFORE BE IT RESOLVED by the City Council of the City of Auburn:

6 SECTION 1.

7 In response to the 2014 NOFA, the Applicant shall submit an application
8 to the Department to participate in the HOME program and for an allocation of
9 funds not to exceed Five Hundred Thousand Dollars (\$500,000) for the
10 following activities and/or programs to be located in the City of Auburn,
11 California:

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13 • *First Time Homebuyer Down Payment Assistance Program; and,*
14 • *Housing Rehabilitation Program*

15 SECTION 2.

16 If the application for funding is approved, then the Applicant hereby
17 agrees to use the HOME funds for eligible activities in the manner presented in
18 its application as approved by the Department in accordance with the statutes
19 and regulations cited above. The Applicant may also execute a standard
20 agreement, any amendments thereto, and any and all other documents or
21 instruments necessary or required by the Department or HUD for participation
22 in the HOME program (collectively, the required documents).

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24 SECTION 3.

25 The Applicant authorizes the City Manager or Community Development
26 Director to execute, in the name of the Applicant, the required documents.
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1 DATED: June 23, 2014

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Bridget Powers, Mayor

6 ATTEST:

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8 _____
Stephanie L. Snyder, City Clerk

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10 I, Stephanie L. Snyder, City Clerk of the City of Auburn, hereby certify
11 that the foregoing resolution was duly passed at a regular meeting of the City
12 of Auburn held on the 23rd day of June 2014 by the following vote on roll call:

13 Ayes:
14 Noes:
15 Absent:

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Stephanie L. Snyder, City Clerk

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